

VICE PRESIDENT GORE'S SOCIAL SECURITY PROPOSAL WILL INCREASE FUTURE PAYROLL TAXES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. SMITH) is recognized for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, I am very concerned about what it looks like might happen to the FICA taxes, the payroll taxes, if we move ahead with Vice-President GORE's proposal for Social Security.

This first chart reflects what the FICA taxes are now, 15.3 percent of what a worker makes. Then what is going to happen in terms of when we start running out of money? There is not enough money in the Medicare surplus as early as 2006. Then if we continue with the same program without doing anything else, without getting a better return on some of this money that is coming into the system in Social Security Trust Fund and the Medicare Trust Fund, then to keep the same benefits that we have promised continuing we are going to, the taxes would have to go up. Either taxes would have to go up or benefits drastically reduced. We are not going to reduce those benefits.

But, also, let us make some changes now so that we do not have to let the taxes go up, as we see on this chart, to 22.41 percent versus 27.96 percent.

If Vice President GORE's Medicare prescription drug program goes into effect, then those taxes will have to go up to 47 percent of what one makes. Look, it is some time ahead, so one can say somebody else could worry about it. But these are our kids; these are our grandkids that are going to have to pay that kind of tax. Let us make these kinds of changes now.

Let me just reemphasize how serious this tax is today on the payroll deduction tax. Seventy-eight percent, 78 percent of American workers now pay more in the FICA tax for Social Security and Medicare than they do their income tax. We cannot allow these taxes to go up. We cannot simply say, look, we have got to put Social Security first or Medicare first and say, look, we are going to add these benefits. That is what the Vice President does.

Somehow the American people have got to look seriously at the consequences of simply the attractiveness of saying we are going to increase benefits without making some changes in the program to get a better return on the money.

The better return, as suggested by Governor Bush, is to start investing some of that money. Right now, the average return for one's Social Security money that is paid in in taxes is a real return of 2 percent. That is 7 percent less than the average return on equities. Let us balance it. Let us not do all

equities. It is going to be limited stock investments. There is going to be safe investments that a person can invest. But it is going to be in their name, their account. If they die, instead of losing everything, their heirs get it.

Let me show my colleagues this third chart. It simply says, no new taxes. Let us not force ourselves into a situation where the payroll deduction has to go up and we have to increase taxes. We have got to have a strong resolution that we are simply not going to cavalierly do what is politically attractive today to get votes today and leave the problem and an increased obligation of higher taxes to our kids and our grandkids.

Again, if we do nothing, if we go with a Gore plan, the 15.3 percent that we are paying in payroll deductions go up to the high of 27.96 percent. If we go with their prescription drug program that says, look, here is prescription drugs that taxpayers are somehow, some way, some time are going to have to pay for, then we end up with a payroll tax that goes as high as 47 percent.

Let us look at a program where one gets better investment from some of that money going in, where government cannot mess around with those benefits by letting at least part of that payroll tax equivalent go into personal investments. Let us not mess around with the trust fund. Let us keep the trust fund growing.

But let us take some of this surplus on-budget money and use it to make this kind of transition that is going to keep probably America's most successful, maybe America's most important, program continuing and keep it solvent.

WE NEED "POWER" TO CONTROL UNSCRUPULOUS ENERGY PRODUCERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. FILNER) is recognized for 5 minutes.

Mr. FILNER. Mr. Speaker, as our colleagues are going off to their home districts for the weekend, I want to remind them all of the crisis that is going on in my district in San Diego, California. They are the first city in California and, perhaps, the first in the Nation that has experienced full deregulation of its electricity prices. The cost of electricity to the average consumer, small business person, big business person has doubled, tripled in 3 or 4 months alone.

I want to remind my colleagues about what is going on in San Diego because San Diego is the harbinger of things to come for the rest of California and possibly the Nation. We are the poster children for what happens when deregulation of a basic commodity like electricity takes place in a monopoly situation.

Those who control the commodity can charge whatever price they can get. In fact, deregulation and the restructuring of the electricity industry is so flawed in California that electricity producers are allowed to charge wholesale prices four to five times higher than they were just a year ago. This is criminal, Mr. Speaker, and I use the word advisably.

Energy producers are making obscene profits on the back of our senior citizens, our schools, our hospitals, our libraries, our businesses. Our whole economy in California is threatened.

The electricity generators and marketeers have just in the last 4 months alone sucked almost \$5 billion, that is billion with a "B," from our State economy, more than \$450 million from San Diego alone.

Now these generators claim that the high rates are simply the result of supply and demand forces in a marketplace. That is nonsense, Mr. Speaker. The facts are that Southern California has been using less energy than last year, but wholesale prices have gone up from highs of \$50 per megawatt in 1999 to \$300 and \$500 and even higher at the sharpest spikes in the year 2000.

The energy producers have figured out how to manipulate the market and set artificially high wholesale prices. They withhold power until the last minute. They launder power throughout out-of-state companies, they overload transmission lines, all to cause prices to rise to unprecedented levels and to raise their obscene profits. They already have killed off many small businesses in San Diego, caused unbearable suffering among those on fixed income, and robbed our whole community possibly of our future.

I have introduced a bill, H.R. 5131, the HELP San Diego Act, which means Halt Electrical Price gouging in San Diego, with bipartisan support of the gentlemen from California (Mr. HUNTER and Mr. BILBRAY), my San Diego colleagues. Because although the State legislature has removed the gun from our head in capping retail prices, those prices are merely deferred for the next couple of years. Those bills will become due, and those debts will have to be paid. 5131 says that the wholesale generators and marketeers of electricity should pay that bill. They should refund the overcharges that they have made over the last 4 or 5 months.

Now, as I said, this bill has bipartisan support. Yet the Republican leadership of this House will not schedule on the agenda a bill that is necessary to save the economy of San Diego.

I call on the Republican leadership of this House to help San Diego, to put that bill on the agenda with bipartisan support, so we can, in fact, make sure that the future of San Diego's economy is secure.

I have also introduced a bill today that we call the POWER Act. Quite